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Book Report

**The New Age of Innovation**

This book is about the process of innovation and the strategy of new competitiveness. Prahald and Krishnan say that managers need to think differently about innovation and that it is a new game with emphasis on efficiency. The strategy is to take a new approach to innovation that creates value and transforms a business. The main message of this book is that companies need to focus on each consumer’s experience on a one at a time experience. The customer gets to co-create the experience they receive from a business and each consumer creates value that the business should focus on. This concept is know as N=1. The other trend that Prahald and Krishnan say business should focus on is R=G which is Global access to resources and talent. This means all firms will access resources from other firms. The focus is not on ownership, but access to resources across the globe.

For example the business The Ponds Institute uses is a co-creation of value and personalization. They are a skin Care Company that measures your skin conditions. You can even suggest a personal skin care budget and the company will come up with different products for you. It is a company that allows you to co-create.

In India there are self-help groups. These are voluntary organizations of 15 women in a village that receive microfinancing loans from large banks. The group gets to decide what project they want to finance based on priority. All of their decisions are local because they know the situation of individuals and their community and they know how the money is being spent. These women are co-creating their own experiences. However, repayment rates are very high.

The way that Prahald and Krishnan described the concept of R=G is through a start up company called TutorVista. The student gets to choose the time to be tutored, their specific subjects, and his or her tutor. These tutors are technically “independent contractor” and may be located in a different country like India for example. In order to be a tutor you must go through a training program. TutorVista is a personalized instruction and online which is the N=1. The student chooses what they want to learn and the tutor helps create the lesson plan so it is co-created. The R=G is the access to resources which is in this case is the tutor. There are over 600 tutors to choose from.

Even though this book was really long I enjoyed learning about the different “businesses” and their new innovative strategies. It is interesting to learn about these concepts. Today consumers are almost running businesses and we did not even know it. Businesses are actually listening to our feedback and we are co-creating the experiences we receive.